

Message Text

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R 210144Z APR 76

FM SECSTATE WASHDC

TO AMEMBASSY RABAT

INFO USCINCEUR

SECDEF

C O N F I D E N T I A L STATE 096051

E.O. 11652: GDS

TAGS: MASS, MO

SUBJECT: MOROCCO FMS CREDIT

REF: (A) RABAT 1908 (B) SECDEF 4085 DTG 032251Z MAR 76

JOINT STATE/DEFENSE MESSAGE

1. USG REAFFIRMS APPROVAL OF GOM USE OF FY 75 FMS CREDIT AS DESCRIBED PARA 1 REF A AND AS INITIALLY APPROVED IN REF B.

2. USG ALSO APPROVES ALLOCATION OF FY 76 CREDIT FOR C-130H MARCH PROGRESS PAYMENT (\$9.1 MILLION) AND JULY PROGRESS PAYMENT (\$10.4 MILLION), DRAGON DOWN PAYMENT (\$7.4 MILLION), AND DRAGON JAN 77 PROGRESS PAYMENT (\$3.1 MILLION) AS RECOMMENDED BY EMBASSY IN PARA 4 REF A. BELIEVE, HOWEVER, THAT SINCE LOCKHEED C-130H CONTRACT WAS NOT SIGNED UNTIL MARCH 18, MARCH AND JULY PROGRESS PAY-
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MENTS SHOULD BE CORRECTED TO READ MAY AND SEPTEMBER PRO-

GRESS PAYMENTS. PLEASE CONFIRM THIS CORRECTION AND GOM ACCEPTANCE OF USE OF FY 76 CREDIT FUNDS STATED ABOVE.

3. IT IS UNLIKELY THAT AUTHORIZATION TO EXTEND FY 76 CREDIT TO GOM WILL BE OBTAINED IN TIME FOR FIRST C-130H PROGRESS PAYMENT, WHICH LOCKHEED STATES IS DUE AT LATEST BY MAY 18. HOWEVER, NON-AVAILABILITY OF FMS FINANCING AT TIME PAYMENTS ARE DUE DOES NOT OBTAIN NEED FOR GOM TO MEET SUCH PAYMENTS IN ACCORDANCE WITH SCHEDULE AGREED TO BY GOM IN COMMERCIAL CONTRACT. MOROCCAN MILITARY ATTACHE HAS INFORMED DOD THAT AMBASSADOR BOUTALEB HAS RECEIVED GOM AUTHORIZATION TO SIGN FY 76 LOAN AGREEMENT. GOM APPARENTLY INSISTING THAT GOM OFFICIAL IN RABAT SIGN PROMISSORY NOTE AND LEGAL OPINION WILL ONLY BE PROVIDED AFTER FY 76 LOAN AGREEMENT IS CONSUMMATED.

4. WITH REGARD TO FY 77 CREDIT PROGRAM, IT SHOULD BE NOTED THAT FY 77 CREDIT ALSO MAY NOT BE AVAILABLE (AS NOTED PARA 2 REF B) IN TIME TO MAKE NOV 76 DEPOSIT OF \$3.7 MILLION APPARENTLY REQUIRED BY GOM CONTRACT WITH BEECH FOR 12 T-34'S. GOM REQUEST FOR INCREASE IN FY 77 CREDIT FINANCING FROM \$30 TO \$72.4 MILLION AND EMBASSY RECOMMENDATION OF INCREASE TO \$45 MILLION IS NOTED. AS MENTIONED PARA 2 REF B, HOWEVER, IT IS TOO EARLY IN FY 77 BUDGETARY PROCESS (I.E. HEARINGS STILL IN PROGRESS ON ADMINISTRATION'S PROPOSED FY 77 SECURITY ASSISTANCE PROGRAM) TO CONSIDER INCREASE IN ANY COUNTRY PROGRAM BEYOND THAT INCLUDED IN CURRENT REQUEST BEFORE CONGRESS.

5. WHILE WE UNDERSTAND GOM HOPES TO AVOID MIXING CREDIT WITH CASH PAYMENTS FOR SAME EQUIPMENT, IT REMAINS GOM RESPONSIBILITY TO MAKE TIMELY PROGRESS PAYMENTS UNDER TERMS OF LETTERS OF OFFER OR COMMERCIAL CONTRACTS. REQUIRED PAYMENTS UNDER LOANS OR COMMERCIAL CONTRACTS CANNOT BE DELAYED PENDING PROVISION OF FMS FINANCING. ROBINSON

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